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Received and Filed  
Superior Court of New Jersey

MAR 13 2013

Passaic County

PRIME HEALTHCARE SERVICES, INC.,

Plaintiff,

v.

VIVEK GARIPALLI, individually,  
HUDSON HOSPITAL HOLDCO, LLC,  
WILLIAM A. McDONALD, individually,  
JOHN DOE INDIVIDUALS A-Z, AND  
JOHN DOE CORPORATIONS A-Z,

Defendants.

SUPERIOR COURT OF NEW JERSEY  
LAW DIVISION: PASSAIC COUNTY  
DOCKET NO. L-1056-13

CIVIL ACTION

**COMPLAINT AND JURY DEMAND**

Plaintiff PRIME HEALTHCARE SERVICES, INC., a Delaware Corporation, ("Prime Healthcare" or "Plaintiff"), by way of Complaint against Defendants VIVEK GARIPALLI, individually ("Garipalli"), HUDSON HOSPITAL HOLDCO, LLC ("Hudson Holdco"), WILLIAM A. MCDONALD, individually ("McDonald"), JOHN DOE INDIVIDUALS A-Z and JOHN DOE CORPORATIONS A-Z (collectively "Defendants"), hereby states as follows:

**SUMMARY OF COMPLAINT**

1. This Complaint seeks injunctive relief and damages against certain Defendants for their well-strategized and systematic efforts to block Prime Healthcare's entry into the New Jersey hospital market, their anticompetitive actions, as well as their gross interference with Prime Healthcare's contracts and economic opportunity to acquire various hospitals in New Jersey and Rhode Island.

2. Garipalli and Hudson Holdco's ongoing *modus operandi* is to seek to buy hospitals after Prime Healthcare already has a signed asset purchase agreements with those hospitals, attempting to do indirectly what they could not do directly by organizing political, union, and community opposition in order to try to squeeze Prime Healthcare out of their asset purchase agreements, and then attempt to buy the hospital in question at a discounted price.

### **PARTIES**

3. PRIME HEALTHCARE is a Delaware Corporation with a principal place of business at 3300 East Guasti Road, Ontario, California, 91761.

4. HUDSON HOLDCO is a for-profit Delaware Limited Liability Company with a principal place of business at 2000 Market Street, 20<sup>th</sup> Floor, Philadelphia, PA 19103 owned by Vivek Garipalli, Jeff Mandler and James Lawler, and is, upon information and belief, through a series of interconnected limited liability companies, the primary owner of Bayonne Medical Center ("BMC"), Hoboken University Medical Center ("HUMC") and in 2012 was the winning bidder at bankruptcy auction for Christ Hospital in Jersey City, as well as the owner of CarePoint Health Plans, a local healthcare insurance company and Medicare Advantage Plan operating in conjunction with BMC and HUMC.

5. VIVEK GARIPALLI, upon information and belief, resides in or near Colts Neck, N.J. Garipalli is the majority stakeholder in Hudson Holdco and numerous other holding companies designed to purchase and operate hospitals and manage properties, and holds himself out to the public as the "managing partner" of BMC, HUMC and Christ Hospital, among numerous other entities.

6. WILLIAM A. McDONALD is President and CEO of St. Joseph's Healthcare System, based in Paterson, N.J.

7. JOHN DOE INDIVIDUALS A-Z, upon information and belief, are presently unknown natural persons associated with or influenced by McDonald, Garipalli, Jeffrey Mandler and/or James Lawler, who are knowingly, recklessly and/or negligently aiding, abetting, assisting or conspiring with the named Defendants in committing the illegal and/or unethical acts set forth in the Complaint injurious to Plaintiff Prime Healthcare. All John Does are hereby placed on notice of their potential liability, and any future amendments will relate back to this filing.

8. JOHN DOE CORPORATIONS A-Z, upon information and belief, are a series of interconnected corporations and presently unknown corporations associated with or influenced by McDonald, Garipalli, Jeffrey Mandler and/or James Lawler or Hudson Holdco, that are knowingly, recklessly and or negligently aiding, abetting, assisting or conspiring with the named Defendants in committing the illegal and/or unethical acts set forth in the Complaint injurious to Plaintiff Prime Healthcare. All John Doe Corporations are hereby placed on notice of their potential liability, and any future amendments will relate back to this filing.

#### **UNDERLYING FACTS**

9. Prime Healthcare is a For Profit Corporation in the business of operating 16 for-profit acute-care hospitals in California, Nevada, Pennsylvania and Texas. Prime Healthcare specializes in the purchase, revitalization and turnaround of financially struggling acute care hospitals.

10. In addition, Prime Healthcare also operates, at a minimal cost, not-for-profit hospitals in California and Texas through the entity PHSI Foundation, d/b/a Prime Healthcare Services Foundation. The Prime Healthcare Services Foundation, Inc. is a 501(c)(3) Not For Profit Public Charity which operates five facilities in California and Texas, four of which were acquired by Prime Healthcare and then donated debt-free by Prime Healthcare's Chairman and Founder, Prem Reddy,

M.D., FACC, FCCP (“Dr. Reddy”), to the Foundation in order to provide crucial services to the underserved.

11. Collectively, Prime Healthcare was recognized as a Top 10 Health System in the Nation in 2009 and a Top 15 Health System in the Nation in 2012 by Thomson Reuters (now known as Truven Health Analytics) in the only national study of its kind that measures quality metrics of health systems. No other health system from New Jersey, New York, or Connecticut – including Hudson Holdco’s hospitals -- was among the Top 15 systems recognized by Truven. Prime Healthcare’s size (21 hospitals in four states with over 16,000 employees), economies of scale and proven medical leadership have been applied to save numerous hospitals in financial distress over the past ten years. In February, 2013, Truven named eight of Prime’s Hospitals among the top 100 hospitals in the nation.

12. Defendant Garipalli, individually, and through various for-profit entities in which he has a majority interest, including Hudson Holdco, has, since approximately 2008, also been in the business of purchasing and operating, or attempting to purchase, financially struggling hospitals in New Jersey, particularly in the vicinity of Hudson County and lower Passaic County (“the Servicing Areas”), as well as, upon information and belief, expanding CarePoint Health Plans to, or creating a new health insurance plan for, southern Passaic County.

13. Prime Healthcare became interested in expanding its business into the New Jersey market even before the idea was first brought to Prime Healthcare by Garipalli in approximately 2008. At the time, Garipalli wanted Prime Healthcare to be an investor and equity partner in his planned purchase of Bayonne Medical Center. Although Prime Healthcare declined his offer to invest and to become his partner in this venture, Prime Healthcare’s executives, as a courtesy, provided Garipalli and his companies with invaluable guidance as to how to successfully turn the hospital around and

even introduced him to its own lender, which he then used to finance purchases of Bayonne Hospital and later Hoboken University Medical Center in Hudson County.

**The Christ Hospital APA and Prime Healthcare's Financing**

14. In early 2011, Christ Hospital in Jersey City (Hudson County) was undergoing severe financial struggles and its Chief Executive Officer approached Prime Healthcare about a possible purchase. As a result of discussions between Prime Healthcare and Christ Hospital, a Letter of Intent to purchase the hospital was signed in August 2011.

15. From August 2011 to February 2012, Prime Healthcare advanced more than \$6 million dollars to Christ Hospital in order to keep the hospital in operation until the conclusion of the purchase. It was well known at the time that without the infusion of cash from Prime Healthcare, Christ Hospital would be forced to file for bankruptcy protection.

16. In December 2011, Prime Healthcare entered into an Asset Purchase Agreement ("APA") to purchase Christ Hospital.

17. Despite the existence of Prime Healthcare's APA with Christ Hospital, and despite Defendant Garipalli's knowledge of same, in late December 2011, Defendant Garipalli, through Hudson Holdco, made Christ Hospital an unsolicited offer to purchase its assets. That offer was rejected by Christ Hospital's Board of Trustees.

18. Before and following that offer, Defendant Garipalli, individually, and through his entity Hudson Holdco, for the improper purpose of preventing and/or interfering with Prime Healthcare's purchase of Christ Hospital, organized and managed a campaign to destroy Prime Healthcare's reputation and undermine its ability to conduct business in New Jersey through the exertion of political influence and other non-public activities, the creation of alliances with unions, other hospitals and others, and the transmission of misinformation concerning Prime Healthcare. In

addition, it was clear that Garipalli and Hudson Holdco's intent was to make it untenable for Prime Healthcare to continue to buy Christ Hospital in order to force it into bankruptcy so that Garipalli could purchase the struggling facility for less than what was agreed upon between Prime Healthcare and Christ Hospital in their APA.

19. As a direct result of Garipalli and Hudson Holdco's actions, it became clear by February 2012 that Prime Healthcare's contractual opportunity to purchase Christ Hospital had been unfairly and irreparably destroyed by statements and actions made by these Defendants, as State authorities then made it clear that the purchase process would be so protracted as to be make the deal economically unfeasible, requiring Prime Healthcare to withdraw its offer to purchase. This immediately and predictably forced Christ Hospital into bankruptcy.

20. Defendant Garipalli, through his entity Hudson Holdco, then immediately made an offer to buy Christ Hospital which was significantly less than what Prime Healthcare had offered, and the offer was deemed inappropriate by the trustees because the hospital would, pursuant to the bankruptcy code, need to be put up for auction for the benefit of creditors. Hudson Holdco later won a bankruptcy auction and according to the N.J. Attorney General's June 2012 review of the sale under the Community Health Care Assets Protection Act, the value of Prime Healthcare's total bid was approximately \$80 million dollars, and the value of Hudson Holdco's bid in bankruptcy was about \$70 million dollars, about \$10 million less than what it would have been had the hospital not been driven into bankruptcy by Hudson Holdco.

#### **Garipalli Threatens Prime Healthcare over the St. Mary's Hospital APA**

21. In or about October and November 2012, Prime Healthcare and Hudson Holdco (possibly through another Garipalli entity) bid for the purchase of St. Mary's Hospital in Passaic, N.J. (Passaic County). During the same period of time, Prime Healthcare reached an agreement with a

state court-appointed Special Master overseeing the receivership of Landmark Medical Center in Woonsocket, Rhode Island to acquire the hospital. Prior to this agreement Garipalli and Hudson Holdco, through his what is believed, upon information and belief, to be Landmark Hospital Holdco, LLC, made an offer to the Special Master for Landmark Medical Center that was withdrawn as “unqualified” after the Special Master demanded certain financial information that Garipalli’s purchasing entity would not or could not supply.

22. Following its *modus operandus* in the Christ Hospital purchase, even after an APA was reached between the bankrupt Landmark Medical Center and Prime Healthcare, Hudson Holdco, through another entity it owns or controls or which its principals own or control, Landmark Hospital Holdco, LLC, made an unsolicited bid to purchase the Rhode Island Hospital, and again, at the same time released untrue and misleading information concerning Prime Healthcare, this time to the Rhode Island news media and others.

23. Around this time, Garipalli made clear his intentions to take over St. Mary’s Hospital and keep Prime Healthcare out of the New Jersey market to both Dr. Reddy and Michael Sarian (“Sarian”), President of Operations for Prime Healthcare. Knowing Prime Healthcare’s continued interest in branching into the New Jersey market, Garipalli verbally threatened Dr. Reddy and Sarian by declaring that New Jersey “is my area” and promising that Prime Healthcare “will not buy any hospital in New Jersey.”

24. Garipalli further stated that Prime Healthcare’s continued involvement in New Jersey was an impediment to his purchase of new hospitals and that Prime Healthcare’s involvement would only “increase my costs” in securing the approvals to be the winning bidder on any hospital that Prime Healthcare attempts to purchase, by forcing Hudson Holdco to match the higher bid of Prime Healthcare. He also stated that he would use his political connections to make sure that Prime

Healthcare would never receive final approval from the State officials to purchase a hospital in New Jersey. Thereby, Garipalli insinuated matter-of-factly that the “fix was in” so that Prime Healthcare was better off not bidding in the first place to avoid the “shame and ridicule” of denial by the State authorities.

25. In a blatant attempt to exercise improper control over the New Jersey marketplace, Garipalli then offered to withdraw his purchasing entity’s own bid for Landmark Medical Center and not interfere with Prime Healthcare’s purchase of Landmark Medical Center in exchange for Prime Healthcare withdrawing its bid for St. Mary’s Hospital and staying out of New Jersey.

26. When Garipalli was told by one of the Prime Healthcare executives that the Company would not withdraw its bid for St. Mary’s Hospital, he became angry and admitted to his blatant, collusive and illicit activities designed to derail the sale of Christ Hospital and force it into bankruptcy. He then promised to use that same “political muscle” -- in other words, unfair influence over the New Jersey marketplace for his own monopolistic benefit and to the detriment of consumers -- in order to undermine any other contract between Prime Healthcare and a New Jersey hospital by ruining Prime Healthcare’s reputation and mustering political, union and other opposition against Prime Healthcare.

27. Garipalli told the Prime Healthcare executives that the lobbying firms that he and/or Hudson Holdco entities engaged (Public Strategies Impact, LLC and Rosemont Associates, LLC), provided the political connections and influence to thwart Prime Healthcare’s entry into the New Jersey market. In fact, Garipalli remarked that he would have a much easier time blocking Prime Healthcare from acquiring any other hospitals in New Jersey in light of the political connections and alliances that he had created during the past year. Garipalli made no secret of his intent, through the political capital he had developed, to stop Prime Healthcare from ever entering into the New Jersey market.



28. Prime Healthcare ultimately entered into APAs for both Landmark Medical Center and for St. Mary's Hospital.

29. Despite the fact that Garipalli's initial bid through a purchasing entity to purchase Landmark Medical Center was been rejected by the Special Master as "unqualified," Garipalli and Hudson Holdco, through their purchasing entity, their agents and representatives, continue to interfere in Prime Healthcare's purchase of Landmark Medical Center, most recently in February and March of 2013, by negotiating and signing a collective bargaining agreement ("CBA") with Landmark's unions, notwithstanding the existence of the APA between Prime Healthcare and Landmark Medical Center in receivership. The new CBA was described by one of the unions as more favorable than the collective bargaining agreement with Prime Healthcare, and apparently is part of Garipalli and Hudson Holdco's efforts to encourage the Landmark Medical Center unions to oppose Prime Healthcare's application for Rhode Island State approval.

#### **The Involvement of William McDonald**

30. Upon information and belief, Hudson Holdco's offer for the purchase of St. Mary's Hospital was in the form of a prepackaged bankruptcy, wherein Hudson Holdco would not honor many of the hospital's pension commitments and would close its cardiac surgery unit. This unit competes for patients with St. Joseph's Healthcare System ("St. Joseph's Healthcare"). The State requires a certain number of patients/surgeries in order to keep hospital cardiac surgery units open. The closure of St. Mary's cardiac surgery unit would likely assist St. Joseph's bid to keep its own cardiac surgery unit open and busy.

31. According to a spokesperson for St. Joseph's quoted in northjersey.com, before the Prime Healthcare offer, St. Joseph's "offered three or four times to take over St. Mary's and integrate it into our system." Nevertheless, upon information and belief, this refusal from St. Mary's Hospital

has not deterred Defendants McDonald, the St. Joseph's Healthcare CEO, and Garipalli and Hudson Holdco from conspiring together to stop Prime Healthcare from taking over St. Mary's and for creating strategic alliances including potential integration of Garipalli's managed care company with St. Joseph's Healthcare, while also together conspiring to keep Prime Healthcare out of Passaic County and New Jersey.

32. Defendant McDonald has conspired with Garipalli to undermine the St. Mary's sale to Prime Healthcare through activities, including but not limited to, organizing union, community and medical staff opposition against Prime Healthcare and having a mutual lobbyist with Hudson Holdco provide State legislators with sample letters opposing the purchase that contain erroneous information concerning Prime Healthcare that are addressed to the New Jersey Attorney General, as well as organizing other opposition. According to northjersey.com, at least two legislators whose geographic districts are in or near Paterson have admitted they were approached by St. Joseph's representatives to write a letter to the Attorney General.

33. In December 2012, Prime Healthcare entered into a non-binding letter of intent to purchase Saint Michael's Medical Center in Newark (Essex County), and in February 2013 entered into an asset purchase agreement for Saint Michael's.

34. Since at least October 2012 and continuing to date, Defendant Garipalli, individually, and through his various entities, including Hudson Holdco, and with the assistance of McDonald and other individuals and entities and their agents and representatives, has been actively working to create opposition to the purchase of St. Mary's Hospital, Saint Michael's Medical Center and the purchase of any other New Jersey hospital by Prime Healthcare.

35. These activities, including the purposeful spreading of defamatory and erroneous information about Prime Healthcare, the organizing of community opposition, the organizing of

opposition within the medical community, and the use of lobbyists to contact legislators in order to seek to block Prime Healthcare's entry into New Jersey, are part of a scheme to thwart Prime Healthcare's efforts to save St. Mary's and Saint Michael's and to force one or both of the hospitals into bankruptcy and/or to facilitate their closures and to insure the monopolistic success of competing hospitals in which Garipalli and his companies may have an equitable or competitive interest, as well as keeping Prime Healthcare out of the New Jersey market. In addition to financially benefiting Garipalli and McDonald's interests, these activities, instead of being pro-competition, also have a harmful effect on the public, particularly health consumers in the Servicing Areas who rely on St. Mary's and St. Michael's in order to receive quality and often unique and specialized medical services that these hospitals specifically provide.

36. Many of these activities are additionally part of a larger scheme by Garipalli, individually, and through his various entities, including Hudson Holdco, and with the assistance of other individuals, agents and entities, including McDonald, to specifically monopolize the hospital market in the State of New Jersey, particularly in the Servicing Areas, and to prevent Prime Healthcare from entering this market.

37. Including Garipalli's prior purchases of Bayonne Hospital, Hoboken Medical Center and Christ Hospital, and now through Garipalli's attempts to interfere with Prime Healthcare's contractual relations with St. Mary's and St. Michael's, Garipalli, if successful through his various entities and based on his current and recent activities, has a dangerous probability of achieving monopoly power in the Servicing Areas.

38. As a direct result of all of the above actions by Defendants, Prime Healthcare has been and will continue to be financially damaged.

## FIRST COUNT

### **(Violation of the New Jersey Anti-Trust Act, N.J.S.A. 56:9-3 - Conspiracy)**

39. Plaintiff repeats and realleges each of the preceding allegations contained in Paragraphs 1-38 as if set forth at length herein.

40. Prime Healthcare and Prime Healthcare Services Foundation successfully operate several for-profit and non-profit hospitals in California, Nevada, Pennsylvania, and Texas, and Prime Healthcare is in the process of expanding into other states as well, including Kansas and Rhode Island. Prime Healthcare particularly specializes in the purchase and operation of financially struggling acute care hospitals. Prime Healthcare became interested in expanding this business into other markets, including New Jersey.

41. In an effort to expand into the New Jersey market, Prime Healthcare has currently and/or previously entered into contracts for the purchase of Christ Hospital in Jersey City, St. Mary's Hospital in Passaic and St. Michael's Medical Center in Newark.

42. Defendant Garipalli, individually, and through his various entities, including Hudson Holdco, is also in the business of purchasing and operating hospitals, specifically financially struggling hospitals in New Jersey, particularly in all or part of the Servicing Areas, which is the relevant antitrust market.

43. Defendant Garipalli, individually, and through his various entities, including Hudson Holdco, as well as with Defendant McDonald, entered into an anti-competitive conspiracy in or about 2012 with the express goal of harming Prime Healthcare's economic interests in the hopes that it would be prevented from purchasing a hospital in the New Jersey market. Defendants subjectively believed that they had the power to abort the sale of any hospital to Prime so they could reap the benefits of bankruptcy sales following Prime Healthcare's departure.

44. The Defendants, through formal or informal agreement, as well as by informal pattern and practice, have conspired together and attempted to restrain trade or commerce through their efforts to keep Prime Healthcare out of the New Jersey market.

45. As explained in detail above, Defendants, through their conspiratorial practices, specifically engaged and are engaging in restraint of trade through engaging in the spreading of defamatory and erroneous information about Prime Healthcare, organizing community, medical community, union, and political opposition to thwart Prime Healthcare's efforts to save St. Mary's Hospital and St. Michael's and to force one or both of the hospitals into bankruptcy and/or to facilitate their closures or forced sale to insure the success of competing hospitals in which Defendants may have an interest.

46. Defendants' activities, particularly their attempts to interfere with Prime Healthcare's contracts and efforts to save St. Mary's and Saint Michael's in order to force one or both of the hospitals into bankruptcy and/or facilitate their closures, rather than having a pro-competitive effect, have a harmful effect on the public, particularly the consumers who rely on St. Mary's and Saint Michael's Hospitals in order to receive quality and often unique and specialized medical services that these hospitals specifically provide.

47. Garipalli has gone so far to admit to Prime Healthcare executives that Prime Healthcare's entrance into the Servicing Areas has caused him or will cause him to pay millions of dollars more for his acquisitions because of additional competition, a benefit that is passed on indirectly to consumers, taxpayers and creditors.

48. Defendants' conspiratorial activities are not only meant to eliminate Prime Healthcare from the Servicing Areas at issue but to enhance the market share of their own hospitals and other

hospitals that would benefit from the closure of St. Mary's and Saint Michael's, and to benefit themselves personally.

49. Defendants' conspiracy and related activities represent *per se* violations the New Jersey Anti-Trust Act, N.J.S.A. §56:9-3.

50. As a result of Defendants' violations of law, Plaintiff has been injured in its business through the loss of past, present and future profits, by the loss of patients and potential patients, by the loss of goodwill and product image, and by the potential for future difficulties in the State caused by Defendants' actions.

51. Plaintiff has suffered irreparable injury by reason of the acts, practices and conduct of Defendants alleged above, and will continue to suffer such injury until and unless the Court enjoins such acts, practices and conduct.

**WHEREFORE**, Plaintiff PRIME HEALTHCARE SERVICES, INC. demands judgment against Defendants, including injunctive relief, compensatory, punitive and treble damages, with interest, attorneys' fees and costs of suit as provided by law.

### **SECOND COUNT**

#### **(Violation of the New Jersey Anti-Trust Act, N.J.S.A. 56:9-4(a) - Monopoly)**

52. Plaintiff repeats and realleges each of the preceding allegations contained in Paragraphs 1-51 as if set forth at length herein.

53. Defendant Garipalli has, through his actions described within, attempted to monopolize and block Prime Healthcare's attempts to enter the New Jersey market.

54. Defendant Garipalli's specific attempts at monopoly include, but are not limited to: (1) using political influence to hinder and delay Prime Healthcare's purchase of Christ Hospital, ultimately forcing Prime Healthcare to withdraw from the purchase of Christ Hospital, so that Hudson

Holdco could purchase Christ Hospital itself; (2) verbally threatening two members of Prime Healthcare senior management that Garipalli would fight Prime Healthcare's entry into the New Jersey market, including by using his political connections and ruining Prime Healthcare's reputation; (3) submitting a sham bid for Landmark Medical Center in Rhode Island, upon which Prime Healthcare was bidding, and offering to withdraw his bid in exchange for Prime Healthcare's withdrawal from purchase of St. Mary's Hospital in Passaic; and (4) engaging, with the assistance of Defendant McDonald, in the spreading of defamatory and erroneous information about Prime Healthcare and organizing community and political opposition to thwart Prime Healthcare's efforts to save St. Mary's and to force St. Mary's into bankruptcy and/or facilitate its sale or closure to insure the success of competing hospitals in which Garipalli and his companies may have an interest.

55. Garipalli, through his various entities, when taking into account his prior purchases of Bayonne Hospital, Hoboken Medical Center and Christ Hospital, and now Garipalli's attempts to interfere with Prime Healthcare's contractual relations with St. Mary's, has a dangerous probability of achieving monopoly power in the northern New Jersey hospital market, particularly in the Servicing Areas.

56. Garipalli's activities, particularly his attempts to interfere with Prime Healthcare's contracts and efforts to save St. Mary's in order to force St. Mary's into bankruptcy, into a sale to Hudson Holdco and/or to facilitate its closure, in addition to his scheme to take control of Christ Hospital, has had a harmful effect on the public, particularly the consumers in the Servicing Areas who rely on St. Mary's Hospital or Christ Hospital in order to receive quality and often unique and specialized medical services that these hospitals specifically provide.

57. Garipalli has gone so far as to admit to Prime Healthcare executives that Prime Healthcare's entrance into the Servicing Areas has caused him or will cause him to pay millions of

dollars more for his acquisitions because of additional competition, a benefit that is passed on indirectly to consumers, taxpayers and creditors.

58. Defendants Garipalli's and Hudson Holdco's activities are not only meant to eliminate Prime Healthcare from the Servicing Areas at issue but to enhance the market share of Garipalli's own hospitals and other hospitals that would benefit from the closure of St. Mary's (and indirectly, Saint Michael's).

59. These Defendants' attempts to monopolize the New Jersey market, particularly in the Servicing Areas, as it relates to the parties' business of purchasing and operating struggling hospitals, violate the New Jersey Anti-Trust Act, N.J.S.A. §56:9-4(a).

60. As a result of these Defendants' violations of law, Plaintiff has been injured in its business through the loss of past, present and future profits, by the loss of patients and potential patients, by the loss of goodwill and product image, and by the potential for future difficulties in the state caused by Defendants' actions.

61. Plaintiff has suffered irreparable injury by reason of the acts, practices and conduct of the specific Defendants alleged above, and will continue to suffer such injury until and unless the Court enjoins such acts, practices and conduct.

**WHEREFORE**, Plaintiff PRIME HEALTHCARE SERVICES, INC. demands judgment against Garipalli and Hudson Holdco, including injunctive relief, compensatory, punitive and treble damages, with interest, attorneys' fees and costs of suit as provided by law.

### **THIRD COUNT**

#### **(Tortious Interference in Contractual Relations)**

62. Plaintiff repeats and realleges each of the preceding allegations contained in Paragraphs 1 - 61 as if set forth at length herein.



63. In December 2011, Prime Healthcare entered into an asset purchase agreement to purchase Christ Hospital in Jersey City.

64. Due to Christ Hospital's financial struggles, Prime Healthcare, over the period of June 2011 to February 2012, advanced over \$6 million to Christ Hospital in order to keep the hospital in operation until the conclusion of the purchase.

65. For the improper purpose of undermining Prime Healthcare's ability to conduct business in New Jersey, and through the exertion of political influence and other non-public activities, the creating of alliances with unions, other hospitals and others, and the transmission of misinformation concerning Prime Healthcare Defendant Garipalli, individually, and through his entity Hudson Holdco, sought to undermine and prevent Prime Healthcare's purchase of Christ Hospital. As a direct result of Defendants' actions, Prime Healthcare was forced to withdraw from the Christ Hospital contract in February 2012 and was financially damaged.

66. Since in or about October 2012 and continuing to date, Defendants McDonald, individually, and Garipalli, individually, and through his various entities, including Hudson Holdco, have been intentionally, maliciously and without justification actively working to use political and other influence to create opposition to the purchase of St. Mary's Hospital, as well as Saint Michael's Medical Center, and any other purchase of a New Jersey hospital by Prime Healthcare, as well as Prime Healthcare's purchase of the Landmark Medical Center.

67. These malicious activities in conspiracy with unions, other hospitals and other entities and individuals, including the purposeful spreading of defamatory and erroneous information about Prime Healthcare, is part of a scheme to thwart Prime Healthcare's efforts to save St. Mary's and Saint Michael's and to force one or both of the hospitals into bankruptcy and/or facilitate their closures to

insure the success of competing hospitals in which Garipalli and his companies may have an interest, as well as to interfere with Prime Healthcare's purchase of Landmark Medical Center.

68. As a direct result of Defendants' tortious interference with Plaintiff's contractual relations, in violation of New Jersey common law, Plaintiff has been and will continue to be financially damaged.

**WHEREFORE**, Plaintiff PRIME HEALTHCARE SERVICES, INC. demands judgment against Defendants, including compensatory and punitive damages, with interest, attorneys' fees and costs of suit as provided by law.

#### **FOURTH COUNT**

##### **(Tortious Interference with Prospective Economic Gain)**

69. Plaintiff repeats and realleges each of the preceding allegations contained in Paragraphs 1 - 68 as if set forth at length herein.

70. Prime Healthcare has been seeking to purchase hospitals throughout Northern and Central New Jersey.

71. Defendants, intentionally, and without justification or excuse, have interfered and continue to interfere with the acquisition of these hospitals.

72. As a result of this interference with the purchase of Christ Hospital, there was a reasonable probability that Prime Healthcare would have received the anticipated economic benefit of the purchase of Christ Hospital.

73. As a result of this interference, Prime Healthcare suffered damages.

**WHEREFORE**, Plaintiff PRIME HEALTHCARE SERVICES, INC. demands judgment against Defendants Garipalli and including compensatory and punitive damages, with interest, attorneys' fees and costs of suit as provided by law.

## **FIFTH COUNT**

### **(Unfair Competition)**

74. Plaintiff repeats and realleges each of the preceding allegations contained in Paragraphs 1 - 73 as if set forth at length herein.

75. With the improper purpose of destroying Prime Healthcare's reputation and undermining its ability to conduct business in New Jersey, and through the exertion of political influence and other non-public activities, the creating of alliances with unions, other hospitals and others, and the transmission of misinformation concerning Prime Healthcare, Defendant Garipalli, individually, and through his entity Hudson Holdco, sought to undermine and prevent Prime Healthcare's purchase of Christ Hospital. As a direct result of Defendants' actions, Prime Healthcare was forced to withdraw from the Christ Hospital contract in February 2012 and was financially damaged.

76. Since in or about October 2012 and continuing to date, Defendants have been intentionally and without justification actively working to use political and other influence, including spreading defamatory and inaccurate information about Prime Healthcare, in order to create opposition to the purchases of St. Mary's Hospital and Saint Michael's Medical Center and any other purchases of New Jersey hospitals by Prime Healthcare, as well as opposition to Prime Healthcare's purchase of Landmark Medical Center.

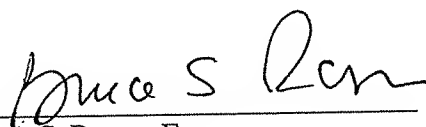
77. Defendants' illicit and unethical activities were and are designed and have the intent of attempting to monopolize the New Jersey market, particularly in the Servicing Areas, to Defendants' financial benefit, and to unfairly prevent Prime Healthcare from competing in this market.

78. Defendants' activities constitute unfair competition, in violation of New Jersey common law, causing Plaintiff financial damages.

**WHEREFORE**, Plaintiff PRIME HEALTHCARE SERVICES, INC. demands judgment against Defendants, including compensatory and punitive damages, with interest, attorneys' fees and costs of suit as provided by law.

Respectfully submitted,

McCUSKER, ANSELM, ROSEN & CARVELLI, P.C.  
210 Park Avenue, Suite 301  
Florham Park, New Jersey 07932  
973-635-6300  
*Attorneys for Plaintiff Prime Healthcare Services, Inc.*

BY:   
Bruce S. Rosen, Esq.

Dated: 3-13-13

**DEMAND FOR TRIAL BY JURY**

Plaintiff hereby demands a trial by jury as to all issues so triable.

**DESIGNATION OF TRIAL COUNSEL**

PLEASE TAKE NOTICE that Bruce S. Rosen, Esq. is hereby designated as Trial Counsel in the above-captioned matter for the firm of McCusker, Anselmi, Rosen & Carvelli, P.C., pursuant to Rule 4:25, et seq.

**CERTIFICATION PURSUANT TO R. 4:5-1**

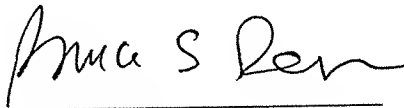
The undersigned, attorney for Plaintiff, hereby certifies as follows:

1. The above-captioned action is not the subject of any action pending in any Court or a pending arbitration proceeding.
2. No other action or arbitration proceeding is contemplated.
3. There are no other parties known to me who should be joined in this action.

4. The statements contained herein are true to the best of my knowledge, information and belief. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Respectfully submitted,

McCUSKER, ANSELM, ROSEN & CARVELLI, P.C.  
210 Park Avenue, Suite 301  
Florham Park, New Jersey 07932  
973-635-6300  
*Attorneys for Plaintiff Prime Healthcare Services, Inc.*

BY:   
Bruce S. Rosen, Esq.

Dated: 3.13.13